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L72mcb Stannebein &  
1991 Bateson  
State of  
Montana, Montana  
Coal Board,  
Department of

STATE OF MONTANA  
MONTANA COAL BOARD  
DEPARTMENT OF COMMERCE  
AUDIT OF COAL BOARD GRANTS  
FOR THE YEAR ENDED JUNE 30, 1991  
CONDUCTED UNDER CONTRACT BY  
VELTKAMP, STANNEBEIN & BATESON, P.C.

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STATE OF MONTANA  
MONTANA COAL BOARD  
DEPARTMENT OF COMMERCE  
AUDIT OF COAL BOARD GRANTS  
FOR THE YEAR ENDED JUNE 30, 1991  
CONDUCTED UNDER CONTRACT BY  
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MAR 3 1 1993

STATE OF MONTANA

Office of the Legislative Auditor



STATE CAPITOL  
HELENA, MONTANA 59620  
406/444-3122

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON  
Operations and EDP Audit  
JAMES GILLET  
Financial-Compliance Audit  
JIM PELLEGRINI  
Performance Audit

LEGISLATIVE AUDITOR:  
SCOTT A. SEACAT

LEGAL COUNSEL:  
JOHN W. NORTHEY

September 1992

The Legislative Audit Committee  
of the Montana State Legislature:

Enclosed is the report on the audit of the Montana Coal Board for  
the year ended June 30, 1992.

The audit was conducted by Veltkamp, Stannebein & Bateson, P.C.,  
under a contract between the firm and our office. The comments and  
recommendations contained in this report represent the views of the  
firm and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is  
included in the back of the audit report.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Scott A. Seacat", written over a horizontal line.

Scott A. Seacat  
Legislative Auditor



MONTANA COAL BOARD  
AUDIT OF COAL BOARD GRANTS  
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MONTANA COAL BOARD  
AUDIT OF COAL BOARD GRANTS  
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MONTANA COAL BOARD

APPOINTEE OFFICIALS

JUNE 30, 1991

<u>Name</u>	<u>Location of Residence</u>	<u>Term Expires</u>
G. C. (Jerry) Feda, Chairman	Glasgow, MT	01-02-93
Alan D. Evans	Roundup, MT	01-02-93
Robert E. Carroll	Helena, MT	01-02-93
Ted Fletcher	Ashland, MT	01-02-93
James D. Anderson	Colstrip, MT	01-01-95
Thomas E. Finch	Butte, MT	01-01-95
Helena S. MacLay	Florence, MT	01-01-95

ADMINISTRATIVE OFFICIALS - JUNE 30, 1991

Murdo A. Campbell	Administrative Officer
Bill Schweyen	Project Evaluator
Richard M. Weddle	Legal Counsel

## MONTANA COAL BOARD

### BACKGROUND

JUNE 30, 1991

The Montana Coal Board was established in 1975 by the Montana Legislature to award grants to local governmental units and state agencies ". . . in meeting the local impact of coal development by enabling them to adequately provide governmental services and facilities which are needed as a direct consequence of coal development." (Sec. 90-6-205, MCA)

The Coal Board is composed of seven members, two of whom are residents of coal-impacted areas, two with expertise in education, and three from such fields as business, engineering, public administration, and planning.

Coal Board grants are funded by 6.65% of the Coal Severance Tax revenue paid into the local impact account.

The administrative staff of the Coal Board, assigned to the Department of Commerce for administrative purposes, is composed of an administrative officer, a project evaluator and legal counsel.

MONTANA COAL BOARD

AUDIT OBJECTIVES

JUNE 30, 1991

- (1) To conduct a financial-compliance audit of the Montana Coal Board grants for the period July 1, 1990 through June 30, 1991.
- (2) To determine if the grantees' financial statements present fairly the grant revenues and expenditures for the year ended June 30, 1991.
- (3) To review the Montana Coal Board and the grantees' compliance with applicable laws and regulations in administering the grants.
- (4) To review operating and financial controls and administration of the Montana Coal Board grants.



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### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0303 Montana Department of Highways/Highway 314 Engineering Right-of-Way, and Utility Clearance for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the Montana Department of Highways pursuant to Grant No. 0303 between the Montana Department of Highways, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the Montana Department of Highway's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the Montana Department of Highways pursuant to Montana Coal Board Grant No. 0303 Montana Department of Highways, for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein + Bateson*

May 26, 1992

MONTANA COAL BOARD  
MONTANA DEPARTMENT OF HIGHWAYS  
HIGHWAY 314 ENGINEERING, RIGHT-OF-WAY, AND UTILITY CLEARANCE  
GRANT NO. 0303  
SPECIAL REVENUE FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 88,620
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EXPENDITURES

Salaries, Equipment, Supplies	<u>88,620</u>
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EXCESS EXPENDITURES OVER REVENUE	<u>\$ -</u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD  
MONTANA DEPARTMENT OF HIGHWAYS  
HIGHWAY 314 ENGINEERING, RIGHT-OF-WAY, AND UTILITY CLEARANCE  
GRANT NO. 0303  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The Department of Highways uses the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the department records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation

The financial statement is prepared from the Statewide Budgeting and Accounting System without adjustment. Accounts are organized in funds according to state law. The department uses the following funds:

Governmental Funds

**General** - to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

**Debt Service Fund** - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

**Capital Projects Fund** - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

**Internal Service Fund** - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
MONTANA DEPARTMENT OF HIGHWAYS  
HIGHWAY 314 ENGINEERING, RIGHT-OF-WAY, AND UTILITY CLEARANCE  
GRANT NO. 0303  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through a Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for engineering, right-of-way acquisition and utility clearance on the southerly 7.7 miles of Federal Aid Secondary Highway 314 located in Big Horn County, Montana. On October 23, 1990, the grant agreement was amended to allow remaining funds to be used for the construction of the highway project.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' quarterly reports. Submission of claims for services to Big Horn County in a like manner.
- (2) Establishment of a separate project account so that board and Big Horn County funds will not be mixed with Federal Aid Secondary (FAS) funding.
- (3) Submission of quarterly progress reports; quarterly financial status reports; and quarterly completion reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.





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### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0313 Rosebud Conservation District/Groundwater Monitoring Continuation for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the Rosebud Conservation District pursuant to Grant No. 0313 between the Rosebud Conservation District, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the Rosebud Conservation District's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the Rosebud Conservation District pursuant to Montana Coal Board Grant No. 0313 Rosebud Conservation District, for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein & Bateson*

May 26, 1992



MONTANA COAL BOARD  
ROSEBUD CONSERVATION DISTRICT  
GROUNDWATER MONITORING CONTINUATION  
GRANT NO. 0313  
GENERAL FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 65,330
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EXPENDITURES

Water Monitoring	<u>65,330</u>
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EXCESS EXPENDITURES OVER REVENUE	<u>\$ -</u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD  
ROSEBUD CONSERVATION DISTRICT  
GROUNDWATER MONITORING CONTINUATION  
GRANT NO. 0313  
GENERAL FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the department records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the grantee incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund. The grantee accounts for this grant as part of the General Fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
ROSEBUD CONSERVATION DISTRICT  
GROUNDWATER MONITORING CONTINUATION  
GRANT NO. 0313  
GENERAL FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the grantee in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through a Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for continued maintenance of the groundwater monitoring program in Rosebud and Big Horn counties for a two-year period. The total grant is for \$100,410. As of June 30, 1991, \$78,976.13 has been expended.

3. GRANT REQUIREMENTS

- (1) Funds advanced quarterly upon receipt of a written request by grantee.
- (2) Submission of approved task force claims and vendors receipts on a monthly basis to support the expenditure of advanced quarterly funds.
- (3) Completion by September 30, 1991.
- (4) Submission of quarterly progress reports.
- (5) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.



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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0314 Eastern Coal Counties Task Force for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the Eastern Coal Counties Task Force pursuant to Grant No. 0314 between the Eastern Coal Counties Task Force, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the Eastern Coal Counties Task Force's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the Eastern Coal Counties Task Force pursuant to Montana Coal Board Grant No. 0314 Eastern Coal Counties Task Force, for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein & Bateson*

May 26, 1992

MONTANA COAL BOARD  
EASTERN COAL COUNTIES TASK FORCE  
GRANT NO. 0314  
SPECIAL REVENUE FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant -	
Eastern Coal Counties Task Force	\$ 297,026
DARE Program	<u>10,276</u>
	307,302

EXPENDITURES

Operation and Undercover Costs	<u>307,302</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u><u>-</u></u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD  
EASTERN COAL COUNTIES TASK FORCE  
GRANT NO. 0314  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The Eastern Coal Counties Task Force (ECCTF) uses the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the ECCTF records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the ECCTF incurs the related liability and it is measurable.

b. Basis of Presentation

The financial schedules are prepared from the Statewide Budgeting and Accounting System without adjustment. Accounts are organized in funds according to state law. The ECCTF uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
EASTERN COAL COUNTIES TASK FORCE  
GRANT NO. 0314  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through a Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for supportive services for a two-year period for the nine county law enforcement departments in Eastern Montana. This grant covered the period July 1, 1989 through June 30, 1991.

3. GRANT REQUIREMENTS

- (1) Funds advanced on a quarterly basis upon receipt of written request of grantee.
- (2) Submission of approved task force claims and vendor receipts on a monthly basis to support the expenditure of the advanced quarterly funds.
- (3) Submission of quarterly status reports and an annual progress report presented to the Coal Board.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.





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### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0315 Treasure County/Sarpy Road Construction for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Treasure County pursuant to Grant No. 0315 between Treasure County, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Treasure County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Treasure County pursuant to Montana Coal Board Grant No. 0315 Treasure County, for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein & Bateson*

May 26, 1992



MONTANA COAL BOARD  
TREASURE COUNTY  
SARPY ROAD CONSTRUCTION  
GRANT NO. 0315  
SPECIAL REVENUE FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 894,864
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EXPENDITURES

Construction, Engineering and Miscellaneous Costs	<u>894,864</u>
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EXCESS EXPENDITURES OVER REVENUE	<u>\$ -</u>
----------------------------------	-------------

See accompanying notes to financial statements.

MONTANA COAL BOARD  
TREASURE COUNTY  
SARPY ROAD CONSTRUCTION  
GRANT NO. 0315  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

**General** - to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

**Debt Service Fund** - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

**Capital Projects Fund** - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

**Internal Service Fund** - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
TREASURE COUNTY  
SARPY ROAD CONSTRUCTION  
GRANT NO. 0315  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through a Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for upgrading the existing gravel surface of Sarpy Creek Road in Treasure County, Montana.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by July 1, 1991.
- (3) Submission of monthly construction progress reports; quarterly construction progress reports; and quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.



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### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0317 Custer County/Mental Health Building for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Custer County pursuant to Grant No. 0317 between Custer County, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Custer County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Custer County pursuant to Montana Coal Board Grant No. 0317 Custer County for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein + Bateson*

May 26, 1992

MONTANA COAL BOARD  
CUSTER COUNTY  
MENTAL HEALTH BUILDING  
GRANT NO. 0317  
SPECIAL REVENUE FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 93,000
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EXPENDITURES

Construction and Fixtures	<u>93,000</u>
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EXCESS EXPENDITURES OVER REVENUE	<u>\$ -</u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD  
CUSTER COUNTY  
MENTAL HEALTH BUILDING  
GRANT NO. 0317  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

**General** - to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

**Debt Service Fund** - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

**Capital Projects Fund** - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

**Internal Service Fund** - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
CUSTER COUNTY  
MENTAL HEALTH BUILDING  
GRANT NO. 0317  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for construction costs and purchase of fixtures and furniture for the Mental Health Center Building at Miles City, Montana.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by December 31, 1991.
- (3) Submission of monthly construction progress reports, quarterly construction progress reports, and quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.





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### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0318 Ashland School District 32J/Playground Improvements and Equipment for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Ashland School District 32J pursuant to Grant No. 0318 between Ashland School District 32J, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Ashland School District 32J's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Ashland School District 32J pursuant to Montana Coal Board Grant No. 0318 Ashland School District 32J, for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein + Bateson*

May 26, 1992



MONTANA COAL BOARD  
ASHLAND SCHOOL DISTRICT 32J  
PLAYGROUND IMPROVEMENTS AND EQUIPMENT  
GRANT NO. 0318  
GENERAL FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 36,570
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EXPENDITURES

Capital Outlay - Playground Improvements	<u>36,570</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u><u>-</u></u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD  
ASHLAND SCHOOL DISTRICT 32J  
PLAYGROUND IMPROVEMENTS AND EQUIPMENT  
GRANT NO. 0318  
GENERAL FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund. The grantee accounts for this grant as part of the General Fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
ASHLAND SCHOOL DISTRICT 32J  
PLAYGROUND IMPROVEMENTS AND EQUIPMENT  
GRANT NO. 0318  
GENERAL FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the General Fund.

2. PURPOSE OF GRANT

This grant provides funds for playground improvements and equipment at the Ashland Elementary School.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by December 31, 1990.
- (3) Submission of monthly construction progress reports and quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.



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### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0321 Big Horn County/Bookmobile Purchase for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Big Horn County pursuant to Grant No. 0321 between Big Horn County, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Big Horn County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Big Horn County pursuant to Montana Coal Board Grant No. 0321 Big Horn County for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein & Bateson*

May 26, 1992

MONTANA COAL BOARD  
BIG HORN COUNTY  
BOOKMOBILE PURCHASE  
GRANT NO. 0321  
SPECIAL REVENUE FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 31,163
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EXPENDITURES

Capital Outlay	<u>31,163</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u><u>-</u></u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD  
BIG HORN COUNTY  
BOOKMOBILE PURCHASE  
GRANT NO. 0321  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

**General** - to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

**Debt Service Fund** - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

**Capital Projects Fund** - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

**Internal Service Fund** - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
BIG HORN COUNTY  
BOOKMOBILE PURCHASE  
GRANT NO. 0321  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through a Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for the purchase of a bookmobile for Big Horn County.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by March 1, 1991.
- (3) Submission of quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.





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### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0325 City of Hardin/Sewer Line Replacement for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the City of Hardin pursuant to Grant No. 0325 between the City of Hardin, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the City of Hardin's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the City of Hardin pursuant to Montana Coal Board Grant No. 0325 City of Hardin for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein & Bateson*

May 26, 1992



MONTANA COAL BOARD  
CITY OF HARDIN  
SEWER LINE REPLACEMENT  
GRANT NO. 0325  
SPECIAL REVENUE FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 30,000
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EXPENDITURES

Capital Outlay	<u>30,000</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u>-</u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD  
CITY OF HARDIN  
SEWER LINE REPLACEMENT  
GRANT NO. 0325  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

**General** - to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

**Debt Service Fund** - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

**Capital Projects Fund** - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

**Internal Service Fund** - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
CITY OF HARDIN  
SEWER LINE REPLACEMENT  
GRANT NO. 0325  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides construction funds to assist in the replacement of approximately 1100 feet of 9" clay tile sewer line running from Railroad Street to Fifth Street between Center and Cheyenne Streets located within the City of Hardin.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion of project by December 31, 1990.
- (3) Submission of quarterly construction progress reports and quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.



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### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0326 Big Horn County/Busby Tennis Court for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Big Horn County pursuant to Grant No. 0326 between Big Horn County, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Big Horn County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Big Horn County pursuant to Montana Coal Board Grant No. 0326 Big Horn County for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein + Bateson*

May 26, 1992

MONTANA COAL BOARD  
BIG HORN COUNTY  
BUSBY TENNIS COURT  
GRANT NO. 0326  
SPECIAL REVENUE FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 7,800
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EXPENDITURES

Capital Outlay	<u>7,800</u>
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EXCESS EXPENDITURES OVER REVENUE	<u>\$ -</u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD  
BIG HORN COUNTY  
BUSBY TENNIS COURT  
GRANT NO. 0326  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

**General** - to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

**Debt Service Fund** - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

**Capital Projects Fund** - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

**Internal Service Fund** - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
BIG HORN COUNTY  
BUSBY TENNIS COURT  
GRANT NO. 0326  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for facility construction and capital equipment for fenced tennis court at Busby, Montana.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by December 31, 1990.
- (3) Submission of quarterly construction progress reports and quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.





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### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0330 City of Forsyth/Tractor Backhoe Purchase for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the City of Forsyth pursuant to Grant No. 0330 between the City of Forsyth, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the City of Forsyth's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the City of Forsyth pursuant to Montana Coal Board Grant No. 0330 City of Forsyth for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein & Bateson*

May 26, 1992



MONTANA COAL BOARD  
CITY OF FORSYTH  
TRACTOR BACKHOE PURCHASE  
GRANT NO. 0330  
SPECIAL REVENUE FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 9,914
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EXPENDITURES

Capital Outlay	<u>9,914</u>
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EXCESS EXPENDITURES OVER REVENUE	<u>\$ -</u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD  
CITY OF FORSYTH  
TRACTOR BACKHOE PURCHASE  
GRANT NO. 0330  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

**General** - to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

**Debt Service Fund** - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

**Capital Projects Fund** - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

**Internal Service Fund** - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
CITY OF FORSYTH  
TRACTOR BACKHOE PURCHASE  
GRANT NO. 0330  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for the purchase of a new diesel-powered tractor-backhoe for the City of Forsyth.

3. GRANT REQUIREMENTS

- (1) Submission of invoices or receipts.
- (2) Completion of project by December 31, 1990.
- (3) Submission of quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.



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BOZEMAN, MONTANA 59771-1965  
PHONE 406-587-1277  
FAX 406-587-8794

### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0332 Richland County/Fire Truck Purchase for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Richland County pursuant to Grant No. 0332 between Richland County, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Richland County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Richland County pursuant to Montana Coal Board Grant No. 0332 Richland County for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein & Bateson*

May 26, 1992

MONTANA COAL BOARD  
RICHLAND COUNTY  
FIRE TRUCK PURCHASE  
GRANT NO. 0332  
SPECIAL REVENUE FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 75,300
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EXPENDITURES

Capital Outlay	<u>75,300</u>
----------------	---------------

EXCESS EXPENDITURES OVER REVENUE	<u>\$ -</u>
----------------------------------	-------------

See accompanying notes to financial statements.

MONTANA COAL BOARD  
RICHLAND COUNTY  
FIRE TRUCK PURCHASE  
GRANT NO. 0332  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

**General** - to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

**Debt Service Fund** - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

**Capital Projects Fund** - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

**Internal Service Fund** - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
RICHLAND COUNTY  
FIRE TRUCK PURCHASE  
GRANT NO. 0332  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for the purchase of a new diesel fire truck for Richland County.

3. GRANT REQUIREMENTS

- (1) Submission of invoices or receipts.
- (2) Completion of project by June 30, 1991.
- (3) Submission of quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.





**VELTKAMP, STANNEBEIN & BATESON**  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

220 WEST LAMME, P.O. BOX 1965  
BOZEMAN, MONTANA 59711-1965  
PHONE 406-587-1277  
FAX 406-587-8794

### INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0335 Powder River County/Rural Fire Department Rescue Equipment for the year ended June 30, 1991. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Powder River County pursuant to Grant No. 0335 between Powder River County, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Powder River County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Powder River County pursuant to Montana Coal Board Grant No. 0335 Powder River County for the year ended June 30, 1991, in conformity with the basis of accounting described in Note 1.

*Veltkamp, Stannebein & Bateson*

May 26, 1992



MONTANA COAL BOARD  
POWDER RIVER COUNTY  
RURAL FIRE DEPARTMENT RESCUE EQUIPMENT  
GRANT NO. 0335  
SPECIAL REVENUE FUND  
STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE PERIOD FROM JULY 1, 1990 THROUGH JUNE 30, 1991

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REVENUE

Montana Coal Board Grant	\$ 10,000
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EXPENDITURES

Capital Outlay	<u>10,000</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u><u>-</u></u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD  
POWDER RIVER COUNTY  
RURAL FIRE DEPARTMENT RESCUE EQUIPMENT  
GRANT NO. 0335  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

**General** - to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

**Debt Service Fund** - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

**Capital Projects Fund** - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

**Internal Service Fund** - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD  
POWDER RIVER COUNTY  
RURAL FIRE DEPARTMENT RESCUE EQUIPMENT  
GRANT NO. 0335  
SPECIAL REVENUE FUND  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1991

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for the purchase of rescue equipment for the Broadus Rural Fire Department in Powder River County, Montana.

3. GRANT REQUIREMENTS

- (1) Submission of invoices or receipts.
- (2) Completion of project by March 31, 1991.
- (3) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1991.



**VELTKAMP, STANNEBEIN & BATESON**  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

220 WEST LAMME, P.O. BOX 1965  
BOZEMAN, MONTANA 59711-1965  
PHONE 406-587-1277  
FAX 406-587-8794

**INDEPENDENT AUDITORS' REPORT ON PRIOR YEAR'S RECOMMENDATIONS**

**1. GRANT NO. 303, Highway 314 Engineering, Right-of-Way, and Utility Clearance**

It was recommended that the Montana Coal Board contract with the Montana Department of Highways to allow the use of unexpended grant funds from this project towards construction of Highway 314.

The grant was amended on October 22, 1990, implementing this recommendation.

**2. GRANT NO. 314, Eastern Coal Counties Task Force Law Enforcement**

It was recommended that the grant revenues for this grant be accrued at the end of each fiscal year to properly match grant revenues and expenditures.

The grantee concurred with the recommendations and implemented it in FY 1991.



July 14, 1992

Veltkamp, Stannebein and Bateson, P.C.  
P.O. Box 1965  
Bozeman, MT 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report  
relative to the Montana Coal Board Project #303.

Please be advised that the Department of Transportation does  
concur with your report.

for *Stephen C. Kologi*  
John Rothwell  
Director of Transportation

JR:BY:D:AC:16.1m

ROSEBUD CONSERVATION DISTRICT

FORSYTH, MONTANA 59327

July 21, 1992

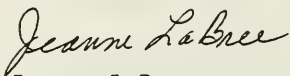
Veltkamp, Stannebein and Bateson, P.C.  
P.O. Box 1965  
Bozeman, MT 59715

Attn: Stefeni S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0313.

Please be advised that the Rosebud Conservation District does concur with your report.

Sincerely,

A handwritten signature in cursive script that reads "Jeanne LaBree".

Jeanne LaBree  
Administrative Secretary

STATE  
OF  
MONTANA  
**DEPARTMENT OF JUSTICE**  
CENTRAL SERVICES DIVISION

Justice Building, 215 North Sanders, Helena, Montana 59620 (406) 444-3800

July 2, 1992

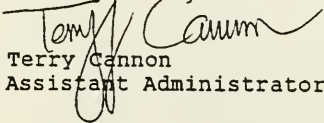
Stefeni S. Freese  
Veltkamp, Stanneben & Bateson  
P.O. Box 1965  
Bozeman, MT 59715

Dear Stefeni:

The grantee of Grant No. 0314 is the Eastern Coal Counties Task Force (ECCTF). The ECCTF contracts with the Department of Justice to perform the investigation work. The Department of Justice also performs the bookkeeping for the grant as a courtesy to the ECCTF.

I have made some changes (in red) to your draft to reflect the above changes. Other than that, the draft report appears to be in order.

Sincerely,

  
Terry Cannon  
Assistant Administrator



TREASURE COUNTY

*Board of County Commissioners*

---

Members:  
Henry DeCock  
Alex Wetsch  
M. E. "Dick" Woelich

P.O. Box 392  
Hysham, MT 59038  
(406) 342-5547

July 1, 1992

Veltkamp, Stannebein and Bateson, P.C.  
P. O. Box 1965  
Bozeman, MT 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0315.

Please be advised that Treasure County does concur with your report.

Sincerely,

*M. E. Woelich*

M. E. Woelich  
Chairman

# EASTERN MONTANA MENTAL HEALTH CENTER

REGIONAL ADMINISTRATIVE OFFICE  
BUSINESS AND STATISTICAL OFFICE

P.O. Box 1530

2508 Wilson

Miles City, Montana 59301

Ph. (406) 232-0234

Fax (406) 232-0235



*July 2, 1992*

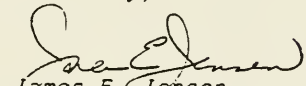
*Stefeni S. Freese  
Veltkamp, Stannebein & Bateson, P.C.  
P.O. Box 1965  
Bozeman, Montana 59715*

*Dear Ms. Freese:*

*We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project No. 0317.*

*Please be advised that Eastern Montana Community Mental Health Center does concur with your report.*

*Sincerely,*

  
*James E. Jensen*  
*Administrative Officer*

*JEJ/rks*

# Ashland Public School

DISTRICT 32-J

Box 17

ASHLAND, MONTANA 59003

Phone 784-2568

1 July 1992

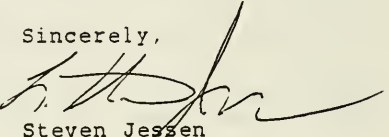
Veltkamp, Stannebein and Bateson, P.C.  
P.O. Box 1965  
Bozeman, MT 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project No. 0318.

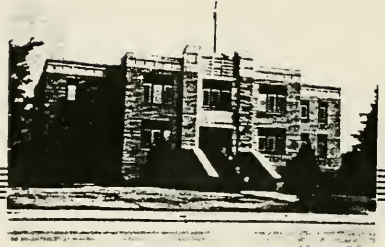
Please be advised that Ashland Public School District 32J does concur with your report.

Sincerely,



Steven Jessen  
District Clerk

# BIG HORN COUNTY



HARDIN, MONTANA 59034

BOARD OF COMMISSIONERS  
DRAWER H  
(406) 665-3520

June 30, 1992

Veltkamp, Stannebein and Bateson, P.C.  
P. O. Box 1965  
Bozeman, MT 59715

ATTN: Stefeni S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0321.

Please be advised that Big Horn County does concur with your report.

Very truly yours,

BOARD OF COMMISSIONERS  
BIG HORN COUNTY, MONTANA

*John Doyle*  
John Doyle  
Chairman

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# the City of Hardin

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OFFICE OF:

City Clerk

406 NORTH CHEYENNE  
HARDIN, MONTANA 59034

DATE:

July 1, 1992

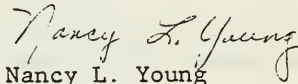
Veltkamp, Stannebein and Bateson, P.C.  
P.O. Box 1965  
Bozeman, MT 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0325.

Please be advised that the City of Hardin does concur with your report.

Sincerely,



Nancy L. Young  
City Clerk  
City of Hardin

# BIG HORN COUNTY

HARDIN, MONTANA 59034



BOARD OF COMMISSIONERS  
DRAWER H  
(406) 665-3520

June 30, 1992

Veltkamp, Stannebein and Bateson, P.C.  
P. O. Box 1965  
Bozeman, MT 59715

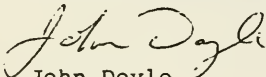
ATTN: Stefeni S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0326.

Please be advised that Big Horn County does concur with your report.

Very truly yours,

BOARD OF COMMISSIONERS  
BIG HORN COUNTY, MONTANA

  
John Doyle  
Chairman

**City of Forsyth**

**State of Montana**

P.O. Box 226  
Forsyth, Montana 59327  
(406) 356-2521

OFFICE OF: Mayor

July 20, 1992

Veltkamp, Stannebein and Bateson, P.C.  
P.O. Box 1965  
Bozeman, MT 59715

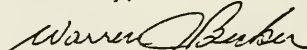
RE: Montana Coal Board Project #0330

Attn: Stefani S. Freese:

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0330.

Please be advised that the City of Forsyth does concur with your report.

Sincerely,

  
Warren J. Becker, Mayor  
City of Forsyth

WJB:ddw



COUNTY OF RICHLAND  
OFFICE OF  
COUNTY COMMISSIONERS  
201 W. Main (406)482-1706  
SIDNEY, MONTANA 59270

---

County Commissioners  
Gloria Paladichuk, Chairman  
Dwight E. Thiessen, Vice-Chairman  
Warren E. Johnson, Member

Elaine J. Cook, Clerk

July 13, 1992

Veltkamp, Stannebein and Bateson, P.C.  
P. O. Box 1965  
Bozeman, MT 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report  
relative to the Montana Coal Board Project #0332.

Please be advised that Richland County does concur with  
your report.

Sincerely,

Richland County Commissioners

  
Gloria Paladichuk, Chairman

# Board of County Commissioners

POWDER RIVER COUNTY

P.O. Box J

Broadus, Montana 59317

Phone (406) 436-2657

Gerald Himelsoach, Powderville  
Brooks Study, Broadus  
Ted Fletcher, Ashland

June 30, 1992

Veltkamp, Stannebein and Bateson, P.C.  
P.O. Box 1965  
Bozeman, MT 59715

Att: Stefani S. Freese

Dear Stefani:

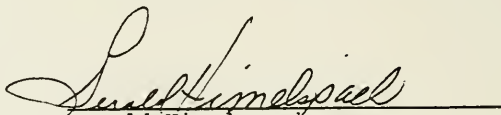
We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0335.

Please be advised that Powder River County does concur with your report.

Sincerely,

BOARD OF COUNTY COMMISSIONERS  
POWDER RIVER COUNTY

  
Ted Fletcher

  
Gerald Himelsoach



**VELTKAMP, STANNEBEIN & BATESON**  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

220 WEST LAMME, P.O. BOX 1965  
BOZEMAN, MONTANA 59771-1965  
PHONE 406-587-1277  
FAX 406-587-8794

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE-RELATED MATTERS NOTED IN A FINANCIAL  
STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the financial statements of the various grantees of the Montana Coal Board for the year ended June 30, 1991, and have issued our reports thereon dated May 26, 1992.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audits of the financial statements of the various grantees of the Montana Coal Board for the year ended June 30, 1991, we considered their internal control structures in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The various grantees and the Montana Coal Board are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by administrative officials are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide the administrative officials with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with the administrative officials' authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories: Cash disbursements, cash receipts, payroll, and grants.

For all of the control categories listed above, we obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Legislative Audit Committee of the Montana State Legislature and the Montana Coal Board. This is not intended to limit the distribution of this report, which is a matter of public record.

*Veltkamp, Stannellwein + Bateson*

May 26, 1992



**VELTKAMP, STANNEBEIN & BATESON**  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

220 WEST LAMME, P.O. BOX 1965  
BOZEMAN, MONTANA 59711-1965  
PHONE 406-587-1277  
FAX 406-587-8794

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH APPLICABLE STATE AND FEDERAL LAWS AND REGULATIONS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO

The Legislative Audit Committee of  
the Montana State Legislature and  
the Montana Coal Board

We have audited the financial statements of the various grantees of the Montana Coal Board for the year ended June 30, 1991, and have issued our reports thereon dated May 26, 1992. We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Montana Coal Board is the responsibility of the Montana Coal Board's and the grantees' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Montana Coal Board and the grantees' compliance with certain provisions of laws, regulations, contracts, and grants. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the Montana Coal Board and the grantees complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Montana Coal Board and the grantees had not complied, in all material respects, with those provisions.

This report is intended for the information of the Legislative Audit Committee of the Montana State Legislature and the Montana Coal Board. This is not intended to limit the distribution of this report, which is a matter of public record.

*Veltkamp, Stannebein & Bateson*

May 26, 1992







